

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 ACDA-12 IO-13 DODE-00
PM-05 H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 STR-05
CEA-01 ARA-10 /127 W
-----000169 031335Z /42

R 031231Z NOV 77
FM AMEMBASSY BERLIN
TO SECSTATE WASHDC 6024
DEPTAGRIC WASHDC
AMEMBASSY LONDON
AMEMBASSY MOSCOW

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E.O. 11652: N/A
TAGS: EAGR, EEWT, GE
SUBJECT: US-GDR GRAIN CONSULTATIONS

1. GRAIN CONSULTATIONS WERE CONDUCTED AT NAHRUNG HEAD-
QUARTERS NOVEMBER 1. GDR DELEGATION, HEADED BY
NAHRUNG DIRECTOR-GENERAL MANFRED WOLF, INCLUDED HORST
BERGEMANN, CHIEF OF THE GRAINS DIRECTORATE OF NAHRUNG,
OTTOMAR WEINRICH, WOLF'S OFFICE MANAGER, AND GUENTHER
FRIEDRICH, DIRECTOR FROM THE MINISTRY OF FOREIGN TRADE.
USA DELEGATION, HEADED BY MR. BRICE MEEKER, ASSISTANT
ADMINISTRATOR, FAS/USDA, INCLUDED MESSRS. NOVOTNY AND
LOWEN, FAS/USDA; VAZNAUGH, STATE; HOFFMAN, TREASURY;
AND PARKER OF EMBASSY.

2. DISCUSSIONS IN A MORNING SESSION WERE CARRIED OVER
INTO A WORKING LUNCHEON HOSTED BY WOLF. FRIENDLY AND
CONSTRUCTIVE ATMOSPHERE PREVAILED. GDR REPS SHOWED
KEEN INTEREST IN US SUPPLY SITUATION AND OUTLOOK FOR
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GRAINS AS WELL AS SOYBEANS, AND SPECIFICALLY ASKED ABOUT
LIKELIHOOD OF FEEDGRAIN SET-ASIDE. THEY EXPRESSED VIEW
THAT RECENT TENDENCY FOR STRENGTHENING OF WORLD GRAIN
MARKET PRICES SEEMS LIKELY TO CONTINUE. THEY INDICATED
THAT US CAN BE ASSURED THAT GDR WILL FULFILL THE
QUANTITY UNDERTAKING SET FORTH BY DR. BEIL AT TIME
GRAINS UNDERSTANDING WAS INITIATED IN NOVEMBER 1976.

3. WHEN ASKED TO COMMENT UPON US DATA (FROM EXPORT SALES REPORTS) SHOWING QUANTITIES GDR TOOK FROM USA IN MARKETING YEAR 1976/77, THEY CONFIRMED THAT 2.25 MILLION TON QUANTITY FROM US CORN WAS "QUITE CORRECT," BUT AS FOR THE QUANTITY OF 0.45 MMT WHEAT, THEY SAID THEY WOULD NEED TO CHECK, SINCE OUR FIGURE WAS ON A YEAR BEGUN JUNE 1, 1977. HOWEVER, THE SOYBEAN MEAL FIGURE, WHICH SALES REPORT SHOWS AS 265,000 TONS, WAS DESCRIBED AS MUCH TOO LOW, I.E., ACTUAL GDR TAKINGS WERE MUCH HIGHER. LATER, THEY INDICATED THAT TOTAL GDR SOYBEAN MEAL IMPORTS RUN ABOUT 1 MMT PER YEAR AND THAT BRAZILIAN MEAL IS PREFERRED BECAUSE IT IS AVAILABLE IN PELLETED FORM. WOLF INDICATED THAT NAHRUNG CONTRACTS IN PAST HAD BEEN BASIS CIF HAMBURG OR ROTTERDAM BUT THAT FUTURE ONES WILL BE INCREASINGLY ON BASIS CIF GDR PORTS. ALSO, SINCE RAILCAR AVAILABILITIES FROM HAMBURG HAD BEEN UNDEPENDABLE, MORE UNLOADING IN FUTURE WILL BE AT POLISH PORTS.

4. THEY INDICATED THAT DR. BEIL'S QUANTITATIVE UNDERTAKING IS BASED ON CALENDAR YEARS; AT SAME TIME, THEY UNDERSTOOD THAT SINCE OUR MARKETING YEAR AND SALES REPORTS, ESPECIALLY FOR CORN, ARE ON AN OCTOBER-SEPTEMBER YEAR, WE MIGHT PREFER FUTURE COMMUNICATIONS TO CENTER ON OCTOBER-SEPTEMBER BASIS. THEY SEEMED FLEXIBLE ON LIMITED OFFICIAL USE

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THIS POINT, AND SUGGESTED THAT IT MIGHT BE CLARIFIED AT TIME OF NEXT CONSULTATIONS.

5. AS FOR 1977/78 REQUIREMENTS, THEY INDICATED THAT THEY HAD ALREADY COMMITTED A SIZABLE AMOUNT, AND LEFT IMPRESSION THAT THE QUANTITY IS NOT YET FULLY REFLECTED IN SALES REPORTS ON US SIDE, PRESUMABLY BECAUSE PURCHASES WERE MADE FROM FIRM BASED OUTSIDE USA AND NOT YET CONTRACTED WITH USA FIRM, OR IF SO, ARE NOT YET CLEARLY DESIGNATED AS DESTINATION GDR. REQUIREMENTS FOR FULL YEAR 1977/78 WERE NOT INDICATED; THEY SAID THAT LOCAL GRAIN CROPS WERE BETTER THAN LAST YEAR BUT THAT HARVEST-TIME WEATHER PROBLEMS WERE THE WORST IN MEMORY. ALSO INDICATED THAT POTATO CROP WAS VERY GOOD, BUT THAT EVEN THOUGH SIZABLE AMOUNT OF POTATOES USED FOR ANIMAL FEED, YEARLY VARIATIONS IN SIZE OF POTATO CROP RELATIVELY UNIMPORTANT AS FACTOR IN VARIATION OF YEARLY GRAIN IMPORTS. THEY

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SP-02 LAB-04 SIL-01 OMB-01 ACDA-12 IO-13 DODE-00
PM-05 H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 STR-05
CEA-01 ARA-10 /127 W
-----000301 031333Z /42

R 031231Z NOV 77
FM AMEMBASSY BERLIN
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SAID THEY HAVE RECORD SUGAR BEET CROP IN 1977. WOLF
HINTED INDIRECTLY THAT GDR GOT LITTLE OR NO GRAIN
FROM USSR LAST YEAR. HE WOULD NOT, HOWEVER, BE
DRAWN OUT ON INTENTIONS THIS YEAR.

6. AS TO FUTURE CONSULTATIONS, WOLF AT ONE POINT
REFERRED TO THE LIKELIHOOD OF A MARCH 1978 SESSION OF
US-GDR AND GDR-US TRADE AND ECONOMIC COUNCILS IN LEIPZIG.
AT ANOTHER POINT, WOLF INDICATED THAT HE EXPECTED TO
VISIT USA IN JUNE 1978 AND HOPED THAT GRAIN CONSULTATIONS
COULD BE HELD AT THAT TIME. US RESPONSE TO THESE POINTS
WAS THAT WE VALUE THE CONSULTATIONS AND THE GDR UNDER-
TAKING AND THAT WE WOULD LOOK FORWARD TO HAVING THE
CONSULTATIONS MORE REGULARLY IN THE FUTURE. BOLEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, GRAINS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BERLIN08204
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770405-0275
Format: TEL
From: BERLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197711102/aaaadjbg.tel
Line Count: 154
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 28de270e-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 392860
Secure: OPEN
Status: NATIVE
Subject: US-GDR GRAIN CONSULTATIONS
TAGS: EAGR, EEWT, GC, US
To: STATE AGR
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/28de270e-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009